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| Reference Number: | 200-03-DD |
| Title of Document: | SCDDSN Accounts Receivable Collection Policy |
| Date of Issue: | July 1, 1987 |
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| Last Review Date: | July 28, 2009 (REVISED) |
| Date of Last Revision: | July 28, 2009 |
| Applicability: | SCDDSN Regional Centers, Central Office Administration |

I. PURPOSE

The South Carolina Department of Disabilities and Special Needs (SCDDSN) is responsible for collecting care and maintenance fees from individuals receiving residential services from this agency. The fees are charged according to Departmental Directive 200-09-DD, *Fees for Residential Services Provided by SCDDSN*. Care and maintenance charges are billed to the individual or to a third party serving in the capacity of financial representative for the individual. The purpose of this directive is to state agency policy regarding the collection of overdue or delinquent charges and to outline the procedures for the determination and disposition of bad debt.

II. APPLICABILITY

The procedures in this directive should be followed by staff at all regional centers operated by SCDDSN and by central office administration staff.

III. PROCEDURES

A. ACCOUNTS RECEIVABLE REVIEW COMMITTEE

SCDDSN's Accounts Receivable Review Committee (ARRC) is charged with recommending the necessary course of action to be taken in cases of excessively delinquent care and maintenance accounts receivable. ARRC members are appointed by the Deputy State Director for Administration. The committee should be comprised of the following staff positions:

- ✓ A Regional Services Support Administrator
- ✓ A Regional Claims and Collections Officer

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- ✓ A Central Office Finance Representative (serves as chairman)
- ✓ A Legal Services staff member
- ✓ A Program Services staff member

Regional representatives on the ARRC should be appointed from different regions. All appointments are for two year terms of service.

B. ACCOUNTS RECEIVABLE AGING

SCDDSN's policy is to process past due accounts receivables in accordance with the following guidelines:

1. 60 Days Past Due

Regional claims and collections officers should advise a payor in writing when his/her account is 60 days past due and urge that payment must be made. Claims and collections officers, along with the assistance and approval of regional services support administrators, should work to establish a payment schedule with the payor when it is evident that remittance of the entire balance in one payment is not possible.

Payment agreements of less than the full balance due may be approved by regional services support administrators. Monthly amounts of a minimum of five percent of the delinquent balance or \$100.00 may be approved. Payment agreements of lesser amounts may be recommended to the ARRC by regional claims and collections officers with services support administrator approval. The ARRC may approve the payment schedule as proposed or recommend a different schedule. Note: It should be made clear to the payor that the amounts set forth in such agreements are in addition to regular charges continuing for care and maintenance.

Past due payment agreements should be created in a format similar to Attachment A: SCDDSN Past Due Payment Agreement. It should be signed by the party responsible for the debt, the regional claims and collection officer and the regional services support administrator. The agreement, with all required signatures, should be sent to the Central Office Finance Division for review and approval by ARRC. After the proposed agreement has been reviewed and approved, the ARRC chairman should sign it and return to the regional claims and collections officer keeping a copy for central office files.

Default occurs when payment is not received within 30 days of the due date on the payment agreement. The total outstanding balance must then be paid in full by the responsible party after notification from SCDDSN that the payment agreement is in default.

2. 120 Days Past Due

Regional claims and collections officers should notify the ARRC chairman in writing any time an account is 120 days past due. Claims and collections officers should also send a certified letter to the responsible party advising him/her that the debt has been referred to the ARRC. In both correspondences, claims and collections officers should outline the actions taken at 60 days past due.

3. 180 Days Past Due

At 180 days past due, the claims and collections officer should notify the ARRC in writing to request a review of the case. The ARRC chairman should notify the responsible party of the ARRC review meeting date when scheduled and of his/her right to appear before the committee, copying the letter to the appropriate regional claims and collections officer. (See example Attachment B: ARRC Review Notification.) The ARRC review meeting should be scheduled no more than twelve months from the date of notification by the claims and collections officer that an account is 180 days past due. The ARRC chairman's notification letter to the responsible party should be sent by certified mail and delivered no fewer than thirty days in advance of the scheduled ARRC review.

Regional claims and collections officers may, at their discretion, refer a case to the ARRC earlier than provided for by the procedures outlined above. Referral of a case should be done when the time required by the routine procedures may jeopardize SCDDSN's ability to collect on an outstanding debt.

C. ARRC COURSES OF ACTION

At any time, the ARRC may review a past due debt. As a result of a review, the ARRC may take one of the following actions:

- Write-off the debt
- Temporarily suspend billing procedures
- Refer the debt to the inactive debt file
- Refer the debt to the Department of Revenue GEAR/Debt Setoff Program for collection
- Refer the debt to the Legal Services Division for prosecution

1. Bad Debt Write-Off

The ARRC may determine that a past due debt (in part or in full) should be forgiven or written off. The request to write-off a debt should be made in writing to the ARRC by the claims and collections officer. It should include a brief history of the attempts to collect the past due debt and all pertinent information used in reaching the decision to request a write-off. All documentation should be kept in the individual's permanent file for future reference.

If the ARRC concurs with the recommendation to write-off the debt, the ARRC chairman should send a written request to the Director of Finance (if less than \$5,000) or to the Deputy State Director for Administration (if \$5,000 or more) for review and signature approval. Following approval, the regional claims and collections officer should be notified in writing to adjust the regional banking and billing system accordingly.

2. Temporary Suspension of Billing Procedures

The ARRC may approve temporary suspension of billing procedures in certain cases where a responsible party cannot be located or when it seems likely that the delinquent account will prove uncollectible in the future. Regional claims and collections officers

should attempt an extensive search to locate the responsible party before making a request to suspend billing. Such attempts to locate responsible parties should be thoroughly documented prior to making the request to suspend billing.

Upon location of a responsible party who has had care and maintenance billing suspended, billing procedures should resume on the account.

The status of accounts on which billing activity has been temporarily suspended should be reviewed at least semi-annually by regional claims and collections officers. Any reasons for continuing the suspended status should be documented and filed with ARRC for approval. ARRC suspension approvals should be confirmed in writing back to claims and collections officers. Suspended accounts should remain in active status on the Banking and Billing System but flagged so that monthly bills will not be produced.

3. Referral to Inactive Debt File

The ARRC may authorize the transfer of a past due debt to an inactive debt file if one of the following situations exists:

- A debt has little likelihood of collection through efforts other than legal action
- Due to the amount of the debt or the financial standing of the responsible party, legal action is not appropriate
- Due to the amount of the debt or the possibility of assets becoming available to pay the debt in the future, writing the debt off is not appropriate

Placement of a debt in the inactive debt file requires that the ARRC, with the assistance of the claims and collections officer, document the history of the debt and the substance of the ARRC's deliberations. Copies of all documentation should be retained in the individual's permanent file for future reference.

Central Office Finance Division should notify each region annually of accounts in the inactive debt file. Claims and collections officers should review each account for changes in financial condition and possible collection activity.

4. Referral to Department of Revenue (DOR) GEAR/Debt Setoff Program

Upon recommendation of the ARRC, a case may be referred to the Department of Revenue for collection. Debts of \$300.00 or more may be placed in the GEAR program, which has a variety of means available to help collect debts such as tax intercept, liens on homes, cars, wage garnishments, etc. Debts of less than \$300.00 may be placed in the Debt Setoff Program, which only collects from tax intercepts. The responsible party should be notified by certified mail from the central office Director of Finance that the past due debt has been placed with DOR for collection and they have 30 days to appeal. If the responsible party does not appeal or if the appeal is turned down, DOR is notified of the amount of the debt and the debtor's name and SSN. NOTE: DOR will not accept a debt ten years old or older.

5. Referral of the Debt to Legal Services

Upon recommendation of the ARRC, a case may be referred to SCDDSN Legal Services

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Division for further legal action pending approval by the Deputy State Director for Administration. The referral should include documentation of all information known by the ARRC and the reason for the referral.

The Legal Services Division should proceed with collection procedures according to internal procedures and in keeping with the requirements of SC Code [SC ST SEC 44-20-350] regarding collection of claims.

D. NOTIFICATION OF DECISION AND RIGHT TO APPEAL

If a party responsible for a past due debt appears before a review meeting of the ARRC at which the disposition of their debt was considered, they should be officially notified of the ARRC's decision by certified letter from the ARRC chairman (see Attachment C: ARRC Decision/Appeal Notification). The notification should state that they have ten (10) business days to file an appeal with the State Director. If an appeal is received within the ten business days, the State Director may review the case and at his or her discretion decide to: 1) uphold the decision of the ARRC, 2) completely overturn the decision or 3) modify the recommendations of the ARRC as he or she sees appropriate. Notification of the State Director's final appeal decision should be sent to the responsible party by certified letter from the Office of the State Director. Copies of the letter should be distributed to the ARRC chairman, and the appropriate claims and collections officer, services support administrator and facility administrator from the involved region.

E. MEETINGS OF THE ACCOUNTS RECEIVABLE REVIEW COMMITTEE

The ARRC should plan to meet once each calendar quarter as necessary. Meetings may be held at regional or central office locations at less frequent intervals, if needed.

Deputy State Director, Administration
(Originator)

State Director
(Approved)

RELATED POLICIES: 200-09-DD

ATTACHMENTS:

- A. PAST DUE PAYMENT AGREEMENT
- B. ARRC REVIEW NOTIFICATION LETTER
- C. ARRC DECISION/APPEAL NOTIFICATION LETTER

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Attachment A

SC DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

PAST DUE PAYMENT AGREEMENT

ACCOUNT NAME: _____

ACCOUNT NUMBER(S): _____

I, (Responsible Party), recipient of care and maintenance bills for (individual's name), hereby agree to the following terms for payment of (individual's name) past due care and maintenance charges. I will pay (\$amount) per month for (number of months) with the final payment of (final payment \$amount) being due (mm/dd/yy). I understand this is to be paid in addition to normal monthly care and maintenance charges.

The first payment is due (mm/dd/yy). Each subsequent monthly payment is due by the 20th day of each month until paid in full. I understand that if I fail to make payments of the additional amounts stated above, the full amount of the outstanding balance must be paid in full upon receipt of notice that this agreement is in default. (Default occurs when a payment is not received within 30 days of the due date.)

Parent/Responsible Party

Date

Regional Claims and Collection Officer

Date

Regional Services Support Administrator

Date

Chairman, Accounts Receivable Review
Committee

Date

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Attachment B

SC DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

ARRC REVIEW NOTIFICATION LETTER

(DATE)

(FIRST NAME) (LAST NAME)
(ADDRESS)
(CITY), (STATE) (ZIP CODE)

Account Number: (ACCOUNT NUMBER)
Account Name: (ACCOUNT NAME)

Dear (TITLE) (LAST NAME):

The South Carolina Department of Disabilities and Special Needs (SCDDSN) Third Party Billing System account for which you have been receiving statements is delinquent and is scheduled for review by the SCDDSN Accounts Receivable Review Committee on (MEETING DATE).

According to Departmental Directive 200-03-DD: *SCDDSN Accounts Receivable Collection Policy*, you have the right to appear before this committee to present any facts which you consider relevant to arriving at a decision regarding this account.

Please notify the committee of your intent to appear at this meeting no later than (DATE) either in writing or by calling me at (PHONE NUMBER).

Sincerely,

(NAME)
Chairman, SCDDSN Accounts Receivable Review Committee

cc: (NAME), Regional Claims and Collections Officer

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Attachment C

SC DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

ARRC DECISION/APPEAL NOTIFICATION LETTER

(DATE)

(FIRST NAME) (LAST NAME)

(ADDRESS)

(CITY), (STATE) (ZIP CODE)

Account Number: (ACCOUNT NUMBER)

Account Name: (ACCOUNT NAME)

Dear (TITLE) (LAST NAME):

The South Carolina Department of Disabilities and Special Needs (SCDDSN) Accounts Receivable Review Committee met on (MEETING DATE) to review the delinquent status of the above-referenced account for which you are fiscal representative. The decision of this committee is as follows.

(DECISION)

According to the Departmental Directive 200-03-DD: *SCDDSN Accounts Receivable Collection Policy*, you have the right to appeal this decision to the Deputy State Director of Administration. In order to exercise this right we must receive your appeal within ten (10) business days of the date of this letter.

Thank you for your attention to this matter.

Sincerely,

(NAME)

Chairman, Accounts Receivable Review Committee

cc: (NAME), State Director
(NAME), Deputy State Director, Administration
(NAME), Facility Administrator

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MEMORANDUM

July 28, 2009

TO: Official Distribution

FROM: Martin K. Taylor, CPA 
Director of Finance

RE: Revision of 200-03-DD

Departmental Directive 200-03-DD, *SCDDSN Accounts Receivable Collection Policy*, has been revised to further clarify the process of handling past due care and maintenance accounts receivable accounts.

The official review period for comments on this directive will end on 8/31/09. Please direct your comments, if any, to me by one of the means of communication listed below:

E-Mail
mtaylor@ddsn.sc.gov

Mailing Address
Martin Taylor
Director of Finance
PO Box 4706
Columbia, SC 29240

Telephone Number
(803) 898-9698

MKT/lbc

Attachment